



5209 EAST MARGINAL WAY S. • SEATTLE, WA 98134 • (206) 762-0850  
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WA CONTRACTOR'S LICENSE #MANSOCC032M1 • FAX (206) 764-8595

EPA Region 10 Superfund

**Releasable**

Response to Request for Information Pursuant to Section 104(e) of CERCLA,  
for the Lower Duwamish Waterway Superfund Site, Seattle, Washington

Date: 05/11/2011

King County Parcels: 0001600060, 1924049067 & 1924049041

Document: 1337592

# EXHIBIT 1.d

**RECEIVED**  
OCT 15 2008  
Environmental  
Cleanup Office

Lease Agreement Between  
Manson Construction Co. and King County  
Dated July 12, 1976  
Including All Amendments as of 2008

USEPA SF



1337600

EXHIBIT "A"

LEASE

THIS LEASE IS MADE BETWEEN KING COUNTY, a political subdivision of the State of Washington, LESSOR, and MANSON CONSTRUCTION AND ENGINEERING COMPANY, a Washington Corporation, LESSEE.

W I T N E S S E T H :

That the parties hereto do mutually agree as follows:

1. Leased Premises. King County leases to Lessee and Lessee leases from King County the premises located in King County, Washington, described as follows:

PARCEL "A"

Beginning at a point on the east line of the Duwamish Waterway 93.14 ft. southerly from its intersection with the north meander line of Government Lot 12, Section 19, Township 24 North, Range 4 East, W.M., thence running South 79°35'39" East 560.00 ft.; thence South 56°59'33" East 199.536 ft. to a point on the south line of Dawson Street produced from the east; thence along the south line of Dawson Street South 89°33'18" East 206.52 ft. to the intersection of the west line of East Marginal Way; thence South 19°36'23" East along the West line of East Marginal Way, 155.50 ft.; thence North 79°35'39" West 923.95 ft. to the east line of the Duwamish Waterway; thence North 19°35'39" West 202.783 ft. along the east line of the Duwamish Waterway to the point of beginning.

AND;

on February 15, 1955, the King County Engineer made a survey of said leased premises and determined that the correct legal description of said property is as follows:

Beginning at the point of intersection of the east and west centerline of Section 19, Township 24 North, Range 4 East, W.M., with the west margin of Ohio Avenue as condemned by the City of Seattle, under Ordinance No. 46352, said point being 931.32 ft. South 89°40'08" West from the east quarter corner of said Sec. 19; thence North 5°40'09" East along the westerly margin of Ohio Avenue as condemned by Ordinance No. 46352 for a distance of 218.84 ft. to the point of intersection of the west margin of Ohio Avenue and the North margin of a 20 ft. wide alley as condemned by the City of Seattle under Ordinance No. 43273; thence continuing North 5°40'09" East for a distance of 127.67 ft. to the point of intersection of said westerly margin of Ohio Avenue and the westerly

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margin of East Marginal Way; thence North 19°36'23" West for a distance of 227.22 ft. to the true point of beginning; thence continuing North 19°36'23" West for a distance of 155.50 ft.; thence North 89°33'18" West a distance of 206.35 ft.; thence North 56°59'33" West a distance of 199.54 ft.; thence North 79°35'39" West a distance of 560.00 ft. to the easterly margin of Commercial Waterway District No. 1 Duwamish Waterway; thence South 19°35'39" East along said easterly margin a distance of 202.80 ft. to a point of 397.20 ft. North 19°35'36" West from the point of intersection of the easterly margin of said Duwamish Waterway with the southerly line of before-mentioned 20 ft. wide alley; thence South 79°35'39" East a distance of 923.82 ft. to the true point of beginning.

PARCEL "B"

That portion of Section 19, Township 24 North, Range 4 East, W.M., described as follows:

Beginning at a point on the east line of Duwamish Waterway 295.923 ft. southerly from its intersection with the North meander line of Government Lot 12, in said Sec. 19 thence South 79°35'39" East 923.95 ft. to a point on the west line of East Marginal Way; thence South 18°36'23" East, along the West line of East Marginal Way, 227.21 ft. to a point on the West line of Ohio Street as located by City Ordinance No. 46352; thence South 5°40'00" West along the west line of Ohio Street, 23,334 ft.; thence North 79°35'39" West to the easterly margin of Duwamish Waterway; thence North 19°35'39" West, along said easterly margin, to the point of beginning.

PARCEL "C"

That portion of Section 19, Township 24 North, Range 4 East, W.M., beginning at the intersection of the north margin of an alley as condemned under Ordinance No. 43273 with the westerly margin of Fidalgo Street (now Ohio Street) as condemned under Ordinance No. 46352; thence North 5°40'09" East, along said westerly margin 104.356 ft.; thence North 79°35'39" West to the easterly margin of Duwamish Waterway; thence South 19°35'39" East, along said easterly margin to a point North 79°35'39" West of the point of beginning; thence South 79°35'39" East 861.077 ft. to the point of beginning.

Said premises comprise a total area of 439,000 square feet, more or less.

PLEASE PRINT

2. Term. This lease creates a tenancy for the term of thirty-five (35) years beginning on AUGUST 1, 1976 and ending without notice on JULY 31, 2011, SUBJECT TO the leasehold interests of the present lessees of Parcels "B" and "C" described above, the leases for both of which expire on April 30, 1978. Also, this lease is made subject to the

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terms and conditions of said leases (as amended) and presently in force for said Parcels "B" and "C".

3. Rent. It is understood and agreed that the existing leases for Parcels "B" and "C" expire on April 30, 1978. Lessee agrees to begin immediately to negotiate with the Lessees of Parcels "B" and "C" for immediate possession of those premises but in no instance shall Lessee have possession of Parcels "B" and "C" later than the termination date of said leases for Parcels "B" and "C". After April 30, 1978, Lessee will pay rent for Parcels "A", "B" and "C" of ~~\$72,000~~ SEVENTY TWO THOUSAND DOLLARS (\$72,000) per annum, payable at the rate of SIX THOUSAND DOLLARS (\$6,000) per month, in advance on the first day of each month. PLEASE BUY

Until April 30, 1978, the maximum rental required hereunder for Parcels "A", "B" and "C" shall be the sum of FORTY EIGHT THOUSAND ONE HUNDRED SIXTY DOLLARS (\$48,160) per annum, payable at the rate of FOUR THOUSAND FOUR HUNDRED AND NO DOLLARS (\$4,014.67) monthly; and if Lessee is not able to obtain actual use or right to possession of Parcels "B" and "C", Lessee shall not be required to pay rent for Parcels "B" and "C"; but rent on those Parcels shall be paid directly to Lessor by Lessees under existing leases with Lessor, it being understood and agreed that Lessor shall not accept rental payments for said Parcels "B" and "C" from this Lessee that would constitute double payment of the rents. It is further understood and agreed that the rent for Parcel "A" until April 30, 1978 is established at TWENTY THOUSAND ONE HUNDRED SIXTEEN AND NO DOLLARS (\$20,116.00) per year. In the event that Lessee is able to obtain possession or the right to possession of Parcels "B" and "C", Lessee agrees to notify Lessor immediately of all agreements reached between themselves and the present leaseholders of Parcels "B" and "C". PLEASE BUY

To insure for the premises a fair rent based upon the fair market rental value of the land, the Lessor may adjust the rent to the then current fair market rental value every five (5) years, upon the five (5) year anniversary of the effective date of this lease, as set forth in Paragraph 2. Fair market rental value is defined as an amount in the competitive market that a well-informed and willing Lessor who desires but is not required to lease, would accept, and which a well-informed and willing Lessee who desires but is not required to lease, would pay for the temporary use of the premises, after due consideration of all the elements reasonably affecting value.

When it elects to adjust the rent, Lessor will give Lessee written notice of the adjusted rent. Such adjusted rent shall be effective as of the five (5) year anniversary date or thirty (30) days after the date on which said written notice is given by Lessor, whichever is later. Within thirty (30) days following receipt of notice from Lessor, Lessee will give Lessor written notice of its acceptance or rejection of the adjusted rent. If Lessee does not notify Lessor within the thirty (30) day period, the rent as adjusted by King County will be the rent for the appropriate five (5) year period. If Lessee and King County cannot agree upon the rent for the five (5) year period, the rent for the period will be adjusted by arbitration.

Lessee and Lessor will select one arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selected of the two, either Lessee or Lessor will apply to the Presiding Judge of the Superior Court in King County for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent body; but in the alternative, if in the future a licensing requirement for real estate appraisers is imposed by any legislative body, each arbitrator will be licensed. ~~The three arbitrators will determine a fair rent for the premises based upon the fair market value of the land; but the arbitrators may not reduce the rent below the sum fixed for the last preceding period.~~ The decision of a majority of the arbitrators will bind both Lessee and Lessor. At the conclusion of the arbitration, the arbitrators will submit written reports to Lessee and King County, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion. The cost of the arbitration will be divided equally between Lessee and Lessor.

In the event resolution of the rental adjustment is not completed prior to the commencement of the five (5) year term being considered, Lessee shall, pending resolution of such rental adjustment, continue to pay Lessor a monthly rental, which Lessee believes to be fair based upon the fair market value of the land, but which in no event shall be less than the monthly rental in effect for the last preceding period; and Lessor, at its option, may elect to require that interest in the amount of ten percent (10%) per annum be payable on a portion of any sum due as a result of a retroactive rental increase determined under the terms of this lease, which portion is equal to the difference between the amount of monthly rental actually paid by Lessee and the higher amount of monthly adjusted rent, if any, as finally determined by arbitration. Such interest to accrue from the commencement of the five (5) year term being considered until the date on which any such additional sum is paid by Lessee.

4. Rent Deposit. At the time of execution of this lease, Lessee will deposit with Lessor the cash sum of ~~Thirteen Six Thousand Four Hundred Forty Five and 34/100 (\$13,445.34)~~ <sup>(4,000.00)</sup> dollars. This sum will secure performance of all of Lessee's obligations under this lease, however, this paragraph does not preclude Lessor from pursuing any remedy for Lessee's failure to perform. If the Lessee shall have fully complied with all of the covenants, agreements, terms and conditions of this lease, but not otherwise, the sum so paid shall be credited to the payment of the last two months minimum rental of the term of this lease. In lieu of the aforesaid cash sum Lessee may at his election, deposit with the Lessor a performance bond in the amount of \$4,000.00, to secure performance of the lease obligation. In the event Lessee makes a cash deposit, Lessor agrees to place the amount of the deposit in a five (5) year certificated account. If the Lessee shall have fully complied with all the covenants, agreements, terms and conditions of this lease, but not otherwise, PLEASE SEE

the sum so paid, and interest earned on the certificated deposit, shall be credited to the payment of the last two months minimum rental of the term of this lease, with any excess to be returned to Lessee.

5. Use of Premises. General contracting and construction business, including engineering, design, factoring, and such other legal uses as are reasonably related to such operations. Also, such other legal uses of an industrial nature that could reasonably be concluded to be compatible with such operations.

No other uses, activities or operations shall be conducted by the Lessee from the leased premises without first obtaining the written consent of the Lessor, provided such approval shall not unreasonably be withheld.

6. Construction Commitment. It is understood and agreed that Lessee shall construct or reconstruct certain improvements upon the leased premises in accordance with the following outline:

1. Expand and modernize Lessee's existing office structure:
2. Expand and modernize existing shop and warehouse structures:
3. Repair and maintain existing wharf structure facing Slip No. 1:
4. Install facilities for barge construction and repairs.
5. Install barge loading facilities parallel to the Duwamish River.

The above itemized construction may be done at any time during the life of the Lease.

Lessee agrees to submit to Lessor for its general review and comment in advance of application for a building permit, plans and specifications for improvements to be constructed or reconstructed. Lessor shall have the right to approve any plans or specifications for compliance with applicable building codes or existing ordinances, laws and regulations, but Lessor's right to final approval shall not be unreasonably withheld; and if Lessor's final approval is unreasonably withheld Lessee shall have the right to terminate the lease.

7. Acceptance. Lessee has examined the leased premises and accepts them in their present condition.

8. Possession. Lessee shall have possession of Parcel "A" as of the effective date of this lease. The possession date for Parcels "B" and "C" shall be subject to the limitations and provisions set forth in paragraphs 2 and 3 of this lease.

9. Hold Harmless. Lessee agrees to protect and save

Lessor its elected and appointed officials, employees and agents, while acting within the scope of their duties as such, harmless from and against all claims demands and causes of action of any kind or character, including the cost of defense thereof, arising in favor of Lessee's employees or third parties on account of personal injuries, death or damage to property, arising out of the premises leased by Lessee or in any way resulting from acts or omissions of the Lessee and/or its agents, employees or representatives.

10. Insurance. Lessee shall obtain and maintain continuously, public liability insurance and other insurance necessary to protect the public, with limits of liability not less than:

\$100,000 each person, personal injury  
\$300,000 each occurrence, personal injury  
\$100,000 each occurrence, property damage

Such insurance shall include the Lessor as an additional insured and shall not be reduced or cancelled without thirty (30) days written prior notice to the Lessor. The Lessee shall provide a certificate of insurance, or, upon written request of the Lessor, a duplicate of the policy as evidence of insurance protection provided.

Lessor and Lessee hereby waive all claims of subrogation maintainable by either one of them against the other for damages to the property of either and for injury to either of his agents, employees, invitees or third persons from any cause arising at any time, whether or not occurring in, upon or about the leased premises; provided that this waiver shall not extend to any damage or injury or other loss not covered by insurance or caused by the willful misconduct of the party against whom a claim is maintainable.

11. Taxes. Lessee will pay throughout the term of this lease, all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Lessee on the premises and all taxes on the leasehold interest created by this lease.

12. Compliance With All Laws and Regulations. In using the premises, Lessee will comply with all applicable federal, state, county and municipal laws, ordinances and regulations.

13. Liens. Lessee will keep the premises free from any liens arising out of obligations incurred by the Lessee. Upon written request from Lessor, Lessee will furnish written proof of payment of any charge which could provide the basis for a lien on the premises if not paid.

14. Assignment or Sublease. Lessee shall not assign or transfer this lease or any interest therein nor sublet the whole or any part of the premises, nor shall this lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of the Lessor first had and obtained, which consent shall not be unreasonably withheld. If Lessee is a corporation, Lessee further agrees that if at any

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time during the term of this lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this lease within the meaning of this paragraph. If the Lessor shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Lessor's consent. If Lessee desires to assign or transfer this lease or any interest therein, he shall notify Lessor in writing of said desire to assign or transfer and the details of the proposed agreement, thirty (30) days prior to executing any assignment or transfer to a third party.

15. Termination Defaults. If Lessee files a petition in bankruptcy, or if Lessee is adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee is appointed in any proceeding brought by or against Lessee, or if Lessee makes an assignment for the benefit of creditors, or if any proceedings are commenced to foreclose any mortgage or any other lien on Lessee's interest in the premises or on any personal property kept or maintained on the premises by Lessee, or if Lessee defaults in the performance of any of his obligations under this lease, Lessor may terminate this lease by written notice to Lessee and re-enter and take possession of the premises without process of law.

Time is of the essence of this agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.

If Lessee has defaulted in the performance of any of his obligations under this lease, Lessor may terminate this lease under the provisions of this paragraph. Lessor will give Lessee thirty (30) days notice in writing stating the nature of the default to permit Lessee to remedy the default within the thirty (30) day period. In the event Lessee fails to cure said default, Lessor may at any time after the expiration of the thirty (30) days, terminate said lease, on written notice.

16. Termination by King County. Lessor reserves the right to cancel this lease upon eighteen (18) months notice in writing to the Lessee or the persons in possession of the premises if the premises are required by Lessor for an improvement or development which has been determined to be a necessary public use and purpose, and under such cancellation the Lessee or persons in possession of premises shall be reimbursed by Lessor for the fair market value, as defined in this provision, of any improvements placed on the premises by the Lessee in accordance with the terms of this lease or any prior lease by Lessee with Lessor respecting these premises. In the event that Lessor and Lessee cannot agree upon the value of said improvements, Lessor and Lessee shall submit to have the fair market value adjusted by arbitration in the manner following, to-wit:



Lessee and Lessor will select one arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selected of the two, either Lessee or Lessor will apply to the Presiding Judge of the Superior Court in King County for the appointment of a third arbitrator. Each arbitrator will be an impartial qualified real estate appraiser. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent body; but in the alternative, if in the future a licensing requirement for real estate appraisers is imposed by any legislative body, each arbitrator will be licensed. The three arbitrators will determine a fair value for the improvements based upon the fair market value of the improvements. The decision of the majority of the arbitrators will bind both Lessee and Lessor. At the conclusion of the arbitration, the arbitrators will submit written reports to Lessee and Lessor, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion. The cost of the arbitration will be divided equally between Lessee and Lessor.

Fair Market Value is defined as: The price it will bring when offered for sale by one who desires, but is not required to sell, and is sought by one who desires, but is not required to buy, after due consideration of all the elements reasonably affecting value, one of such elements being the fact that Lessee's interest in said improvements is a leasehold interest for a term of thirty-five (35) years commencing on June 1, 1976.

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17. Condemnation. If all of the premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this lease, this lease terminates as of the date condemnor takes possession. If part of the premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this lease, Lessor or Lessee may choose to terminate this lease as of the date the condemnor takes possession. If either Lessor or Lessee elects to terminate this lease, the rent and other charges to be paid by Lessee will be apportioned by Lessor and paid by Lessee to the date of termination. If neither Lessor nor Lessee elects to terminate this lease, the rent will be reduced in the same proportion that the value of the portion of the premises to be taken bears to the value of the entire premises as of the date condemnor takes possession.

If the taking is for a period which will end on or extend beyond the expiration of the term of this lease, Lessee will have no claim or interest in or to any award of damages for a whole or partial taking of the premises, except that the Lessee will be entitled to an amount equal to the fair market value to the lease of any improvements taken by the condemnor, except trade fixtures, made to the premises by Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvement.

If temporary use of all or part of the premises is taken by any lawful authority under the power of eminent domain for a period ending before the expiration of the term, this lease will continue in full force, and Lessee will be entitled to receive any award from the condemnor for the use of all or part of the premises.

Lessor and Lessee will give to the other immediate written notice of the receipt of notice of any proceedings with respect to a condemnation and of any intention of any authority to exercise the power of eminent domain.

18. Waiver. The acceptance of rent by Lessor for any period or periods after a default or of performance of any covenant of this lease after a default by Lessee will not be considered a waiver of the default unless Lessor gives Lessee written notice that the acceptance is a waiver. No waiver by Lessor of any default by Lessee will be construed to be or act as a waiver of any subsequent default by Lessee.

19. Litigation Costs. In the event either party hereto shall bring suit or any action against the other party by reason of a default hereunder or a breach of any provision hereof, or to recover any rent or other monies due hereunder or to recover possession of the leased premises, or to obtain any other relief, declaratory or otherwise, arising out of this lease, then each party, regardless of which party prevails in such suit or action, shall be responsible for and pay his own attorney's fee and his own costs and expenses expended or incurred in connection with such suit or action, including appeals.

Any action arising under this lease shall be brought in King County, Washington.

20. Cumulative Remedies. No provision of this lease precludes Lessor from pursuing any other remedies for Lessee's failure to perform his obligations.

21. Heirs, Agents and Assigns. Without limiting any provisions of this lease pertaining to assignment and subletting, the provisions of this lease bind the heirs, legal representatives, successors, agents and assigns of any of the parties to this lease.

22. Surrender. At the expiration or termination of this lease, Lessee will promptly surrender possession of the premises to Lessor.

23. Holding Over. If Lessee, with the consent of Lessor, hold over after the expiration or sooner termination of the term of this lease, the resulting tenancy shall, unless otherwise mutually agreed, be on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to Lessor the same rate of rental as set forth herein, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this lease agreement insofar as they may be pertinent.

24. Non-Discrimination. In all hiring or employment

made possible or resulting from this agreement, there shall be no discrimination against any employee or applicant for employment because of sex, age, race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification, and this requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. No person shall be denied, or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this agreement on the ground of sex, race, color, creed, national origin, age except minimum age and retirement provisions, marital status, or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part, of the agreement by the County and may result in ineligibility for further County agreements.

25. Advances by Lessor for Lessee. If Lessee fails to pay any fees or perform any of his obligations under this lease, Lessor will mail notice to Lessee of his failure to pay or perform. Thirty (30) days after mailing notice, if Lessee's obligation remains unpaid or unperformed, Lessor may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by Lessor under this paragraph, Lessee will promptly reimburse Lessor.

26. Severability. If any term or provision of this lease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this lease, or the application of the term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected and will continue in full force.

27. Reconstruction Improvements Insurance.

(a) In the event that the leased premises are destroyed in whole or in part from any cause, Lessee may, at its option, either rebuild or restore the structure or not. If Lessee elects not to rebuild or restore the structure, it shall remove the structure from the premises.

(b) Lessee will carry property insurance covering at least the perils of fire and extended coverage endorsement in an amount to at least eighty percent (80%) of the replacement cost of the structures. Lessor shall have no interest in the proceeds of any such policy unless after the premises are totally or partially destroyed, Lessee should abandon the premises and terminate the lease, in which case the proceeds from any property insurance policy may be used to secure performance of Lessee's obligation under the lease.

28. Ownership of Improvements.

(a) It is understood and agreed that notwithstanding the intention of a Lessee to erect certain additional improvements on the leased premises that this lease is essentially a

ground lease and, that if any additional improvements are erected on the leased premises, that it will be at the instance of the Lessee and at the Lessee's expense; that in consideration of the Lessee improving the land at its own expense, that Lessor agrees that if this lease is re-negotiated, either before or after the term of the lease expires, or renewed or extended, that Lessor will lease the premises to Lessee for a rental amount which will be determined by the fair market value of the property, exclusive of improvements placed on the property by Lessee during the life of this lease, which determination shall be made in the manner provided in paragraph 3 of this lease.

(b) It is also understood and agreed that some of the improvements which the Lessee may erect on the premises during the term of the lease may no longer be necessary or desirable to the Lessee at a later point in the life of the lease. Lessee will have no obligation to obtain the approval of Lessor for the removal of such improvements or structures which Lessee deems no longer necessary or useful to its operations, or to replace them; provided, however, that if Lessee should remove any structure that it shall leave the condition of the land in a clean and neat condition, and further, that any structure or improvement removed and replaced with another structure shall be subject to the provisions of Paragraph 6 hereof.

(c) It is understood and agreed that upon the expiration of this lease, if it is not sooner re-negotiated or if a new lease is not entered into between Lessor and Lessee after its term, that all improvements located upon said premises shall inure to the benefit of the Lessor; provided, however, that if Lessee is not in default hereunder, Lessee shall have the right to remove during its terms hereof, any and all trade fixtures which Lessee may have placed or installed upon the leased premises; provided, however, that upon said removal, Lessee shall repair at Lessee's own expense, any damage resulting therefrom, and leave the leased premises in a clean and neat condition.

29. Maintenance. Lessee shall, throughout the term of this lease, without cost or expense to Lessor, keep and maintain the leased premises and all improvements, landscaping, fixtures and equipment which may now or hereafter exist thereon, in a neat, clean and sanitary condition, and except for reasonable wear and tear at all times preserve the premises in good and safe repair.

If, after thirty (30) days' notice from Lessor, Lessee fails to maintain or repair any part of the leased premises or any improvement, landscaping, fixtures or equipment thereon, Lessor may, but shall not be obligated to, enter upon leased premises and perform such maintenance or repair and Lessee agrees to pay the costs thereof to Lessor, upon receipt of a written demand. Any unpaid sums under this paragraph will bear interest at the maximum rate allowed by Washington State law.

30. Utilities. The Lessee shall furnish all utility services, including but not limited to: water, sewer, gas, electricity and oil, at his own expense and remove all wastes and garbage at his own expense.

31. Alterations. No improvement, including landscaping, shall be erected or placed on the leased premises and no alterations will be made in the improvements and facilities constructed or to be constructed on the leased premises without the prior written approval of Lessor.

32. Inspections-Access. Lessor reserves the right to inspect the leased premises at any and all reasonable times throughout the term of this lease: Provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to Lessor hereunder shall impose no obligations on Lessor to make inspections to ascertain the condition of the premises, and shall impose no liability upon Lessor for failure to make such inspections.

33. "Lessee" Includes Lessees. It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual Lessee or Lessees under this agreement.

34. Captions. The captions in this lease are for convenience only and do not in any way limit or amplify the provisions of this lease.

35. Notices. All notices hereunder may be delivered or mailed. If mailed, they shall be sent certified or registered mailed to the following respective addresses:

To Lessor: King County Executive  
c/o Real Property Division  
615 King County Administration Bldg.  
500 Fifth Avenue  
Seattle, Washington 98104

To Lessee: Manson Construction and Engineering  
Co., Inc.  
P.O. Box 24067  
Seattle, Washington 98124

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

36. Definition of Improvements. As used herein the phrase "improvements placed on the premises by Lessee in accordance with the terms of this lease" or language substantially similar thereto shall mean and include improvements located on the premises at the commencement of the term of this lease as well as all other improvements subsequently placed thereon in accordance with the provisions of this lease.

37. Rescission of Prior Agreements. This lease cancels and supersedes all prior agreements between the parties as to Parcel "A" described herein.

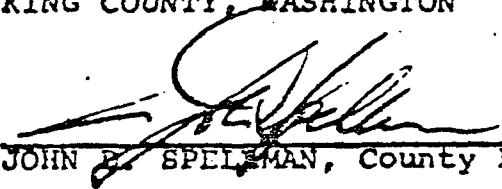
38. Possibility of Purchase by Lessee. It is understood that Commercial Waterway District No. 1 v. King County,

200 Wash. 538 may limit King County's "ability to sell said property".

In the event that such title restriction shall be lifted and Lessor shall then decide to offer the property hereby leased for outright sale at any time during the first five (5) year period of this lease, then such offering shall be subject to Lessee's interest under the terms of this lease. Further, if the property is offered during the first five (5) year period of this lease, the County agrees that it will accept and not reject an offer of One Million Eight Thousand Four Hundred (\$1,008,400.00) Dollars or more; that the sale of the property will be conducted by oral auction and sold to the highest bidder in the manner provided by law.

IN WITNESS WHEREOF, this lease is executed in triplicate on behalf of King County by the County Executive and by the Lessee by its duly authorized officer( ) \_\_\_\_\_

LESSOR:  
KING COUNTY, WASHINGTON

  
JOHN B. SPEELMAN, County Executive

Date 8-25-76

CONFIDENTIAL

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this day personally appeared before me John D. Spellman, to me known to be the County Executive of King County, Washington, the person who signed the above and foregoing instrument for King County for the uses and purposes therein stated and acknowledged to me that he signed the same as the free and voluntary act and deed of King County and that he was authorized to so sign.

GIVEN under my hand and official seal this 25th day of August, 1976.



Barbara A. Schmidt  
NOTARY PUBLIC in and for the state  
of Washington, residing at Seattle

LESSEE:  
MANSON CONSTRUCTION AND ENGINEERING  
CO., INC.

By Glen A. Edwards  
TITLE Vice Pres.

By Peter S. Haug  
TITLE Vice Pres.

DATE July 12, 1976

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this day personally appeared before me Glen A. Edwards and Peter S. Haug, to me known to be the Vice President and Vice President respectively, of MANSON CONSTRUCTION AND ENGINEERING CO., INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and that they were authorized to execute the said instrument.

GIVEN under my hand and official seal this 12<sup>th</sup> day of July, 1976.

John F. Espen  
NOTARY PUBLIC in and for the state  
of Washington, residing at Seattle

APPROVED AS TO FORM & LEGALITY:

J. Richard Owen  
Deputy Prosecuting Attorney  
DATE July 14, 1976

CONFIDENTIAL

AGREEMENT AND AMENDMENT OF LEASE

THIS AGREEMENT AND AMENDMENT OF LEASE is made this 1st day of August, 1981.

1. Manson Construction and Engineering Company, a Washington Corporation (Lessee) and King County, a political subdivision of the State of Washington (Lessor) have entered into a lease for a term of thirty five (35) years, beginning August 1, 1976 and ending without notice on September 31, 2011, for a tract of land consisting of approximately 439,000 square feet, more or less (10.08 acres). Said premises are fully described on pages 1 and 2 of said lease, consisting of Parcels A, B and C.

2. Item No. 3, paragraph No. 3 of said lease provides that the rent shall be readjusted every 5 year period of the term of the lease.

3. The agreed annual rent for Parcels A, B and C is \$72,000.00 per annum, payable at the rate of \$6,000 per month, in advance on the first day of each month.

4. In addition to the stipulated rent of \$6,000 per month, an additional \$720.00 per month leasehold tax (12%) has been paid, as provided by State law.

NOW THEREFORE;

In accordance with the foregoing, Lessor and Lessee agree as follows:

EFFECTIVE AUGUST 1, 1981

A. The rental to be paid for said premises shall be the sum of One Hundred and Sixty Eight Thousand Dollars (\$168,000.00) per year for the five year period beginning August 1, 1981. Said rental shall be paid monthly in advance on the first of each and every month, in the amount of \$14,000.00 per month.

B. Additionally, a 12% State Leasehold tax shall be paid in a like manner each month in the amount of \$1,680.00 per month, for a total monthly payment of \$15,680.00 per month, or \$188,160.00 per annum.

EXCEPT as herein provided, the terms and conditions of said lease shall be and remain in full force and effect.

IN WITNESS WHEREOF, this Agreement and Amendment is executed in duplicate on behalf of the Lessor by the King County Executive and on behalf of the Lessee by its duly authorized officers.

KING COUNTY, WASHINGTON

BY: *[Signature]*  
King County Executive

DATE: NOVEMBER 24, 1981

LESSEE: MANSON CONSTRUCTION &  
ENGINEERING COMPANY

BY: *[Signature]*  
Vice Pres

DATE: 11-9-81

CONFIDENTIAL



APPROVED AS TO FORM:

BY:

Fred Kaseelmg  
Deputy Prosecuting Attorney

DATE:

Oct 29, 1981

STATE OF WASHINGTON)  
COUNTY OF KING ) ss

On this day personally appeared before me Glenn A. Edwards  
to me known to be the Exec. Vice President  
the person who signed the above and foregoing instrument for Manson Construc-  
tion and Engineering Company, for the uses and purposes therein stated and  
acknowledged to me that he signed the same as the free and voluntary act and  
deed and that he is authorized to so sign.

Given under my hand and official seal this 9th day of November,  
1981.

Wendy A. Warren  
NOTARY PUBLIC in and for the State of  
Washington, residing at Auburn

STATE OF WASHINGTON)  
COUNTY OF KING ) ss

On this day personally appeared before me Cynthia Maisel  
to me known to be the Deputy King County Executive, the person who  
signed the above and foregoing instrument for King County, Washington for uses  
and purposes therein stated and acknowledged to me that he signed the same as  
the free and voluntary act and deed of King County and that he was authorized  
to so sign.

Given under my hand and official seal this 24th day of November,  
1981.

Chris J. Lantieri  
NOTARY PUBLIC in and for the State of  
Washington, residing at Duvall

CONFIDENTIAL

AGREEMENT AND AMENDMENT OF LEASE

THIS AGREEMENT AND AMENDMENT OF LEASE is made this 1st day of August, 1986.

1. Manson Construction and Engineering Company, a Washington Corporation (Lessee) and King County, a political subdivision of the State of Washington (Lessor), have entered into a lease for a term of thirty-five (35) years, beginning August 1, 1976 and ending without notice on September 31, 2011, for a tract of land consisting of approximately 439,000 square feet, more or less (10.08 acres). Said premises are fully described on pages 1 and 2 of said lease, consisting of Parcels A, B and C. INITIAL  
1812

2. Item No. 3, paragraph No. 3 of said lease provides that the rent shall be adjusted every 5-year period of the term of the lease.

3. The agreed annual rent for parcels A, B and C is \$168,000 per annum currently, payable at the rate of \$14,000 per month, in advance, on the first day of each month.

4. In addition to the stipulated rent of \$14,000 per month, an additional \$1,797.60 per month leasehold tax (12.84%) has been paid, as provided by State law.

NOW, THEREFORE in accordance with the foregoing, Lessor and Lessee agree as follows:

EFFECTIVE AUGUST 1, 1986:

- A. The rental to be paid for said premises shall be the sum of Two Hundred and Sixty Three Thousand Five Hundred Eighty One Dollars and Forty-Eight Cents (\$263,581.48) per year for the five-year period beginning August 1, 1986. Said rental shall be paid monthly in advance on the first of each and every month, in the amount of \$21,965.12 per month.
- B. Additionally, a 12.84% State Leasehold tax shall be paid in a like manner each month in the amount of \$2,820.32 per month, for a total monthly payment by Lessee of \$24,785.45 per month, or \$297,425.35 per annum.

EXCEPT as herein provided, the terms and conditions of said lease shall be and remain in full force and effect.

IN WITNESS WHEREOF, this Agreement and Amendment is executed in duplicate on behalf of the Lessor by the King County Executive, and on behalf of the Lessee by its duly authorized officers.

KING COUNTY, WASHINGTON

By: Tim Hill  
TIM HILL  
King County Executive

Date: January 13, 1987

LESSEE: MANSON CONSTRUCTION AND ENGINEERING CO.

By: David R. [Signature]  
NAME: David R. [Signature]  
OFFICE: Controller

Date: 12/29/86

APPROVED AS TO FORM:

By: \_\_\_\_\_  
NAME: \_\_\_\_\_  
Deputy Prosecuting Attorney

STATE OF WASHINGTON )  
COUNTY OF KING ) ss:

On this day personally appeared before me DANIEL DOLMSETH,  
to me known to be the COMPTROLLER, the person who  
signed the above and foregoing instrument for MANSON CONSTRUCTION AND  
ENGINEERING COMPANY, for the uses and purposes therein stated, and acknowledged  
to me that he/she signed the same as his/her free and voluntary act and deed,  
and that he/she is authorized to so sign.

GIVEN under my hand and official seal this 29th day of  
December, 1986.

Frances Gloria Zelnick  
NOTARY PUBLIC in and for the State of Wash-  
ington, residing at Seattle.

STATE OF WASHINGTON )  
COUNTY OF KING ) ss:

On this day personally appeared before me Harry Huggins,  
to me known to be the Deputy County Executive, the person who  
signed the above and foregoing instrument for King County, Washington, for  
the uses and purposes therein stated, and acknowledged to me that he/she  
signed the same as his/her free and voluntary act and deed of King County,  
and that he/she was authorized to so sign.

GIVEN under my hand and official seal this 13th day of  
January, 1987.

Chris J. Loutsos  
NOTARY PUBLIC in and for the State of Wash-  
ington, residing at Duvall

CONFIDENTIAL

KING COUNTY COMMERCIAL RENTAL AGREEMENT

LANDLORD: King County, Real Property Division      EFFECTIVE DATE: January 1, 1987  
500A King County Administration Bldg.  
Seattle, Washington 98104

TENANT: Manson Construction and Engineering Co.  
5209 East Marginal Way South  
Seattle, Washington 98134      PHONE: 762-0850

USE: Corporate purposes consistent with zoning and regulations.

SPACE RENTED: (See descriptions under Addendum and Exhibit Map "A"  
showing areas in red)

SERVICES INCLUDED: None

MONTHLY RENTAL: Area #2 - 84,328 Sq.Ft. = \$28,081.22/Year or \$2,340.10/Month  
Area #4 - 11,366 Sq.Ft. = \$ 7,569.76/Year or \$ 630.81/Month  
TOTAL - - \$2,970.91/Month

Plus the appropriate Washington State Leasehold Excise Tax.

1. TERM:

This Agreement creates a tenancy from month to month, beginning with the effective date as above written. All rents are payable in advance.

This Agreement may be terminated upon thirty days written notice on the part of the Tenant or King County. Failure by Tenant to give thirty days advance written notice shall render the Tenant liable for rent up to and including thirty days beyond the date of constructive notice of termination of the Agreement to King County.

Two months rent (\$5,941.82), plus the appropriate Washington State Leasehold Excise Tax are payable upon inception of this Agreement. One month's rent will be applied to the first month of occupancy. The other month's rent will be a rental deposit and will apply to the last month's rent upon termination; provided the Tenant is not in default.

Tenant will be considered in default on the tenth business day of the month if rental payment has not been received and shall be required to pay a late payment penalty of 5% of the monthly rental amount.

2. DEFAULT:

Failure to pay rent as specified herein renders this Agreement null and void and gives King County the right to re-enter and repossess the premises upon three days notice.

3. ASSIGNMENT:

This Agreement is not assignable or transferable. Subletting any portion shall not be permitted without the written consent of King County.

4. COMPLIANCE WITH LAWS:

Tenant agrees to comply with all applicable federal, state, county and municipal ordinances and regulations while using the premises. Tenant will pay throughout the term of this Agreement all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Tenant on the premises and all taxes on the leasehold interest created by this Agreement.

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5. HOLD HARMLESS:

Lessee agrees to protect and save King County, its elected and appointed officials, employees and agents, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising in favor of Tenant's employees or third parties on account but not limited to personal injuries, death or damage to property, arising out of the premises leased by Lessee or in any way resulting from acts or omissions of the Lessee and/or its agents, employees or representatives.

6. INSURANCE:

Lessee shall obtain and maintain continuously, public liability insurance and/or other insurance necessary to protect the public with limits of liability not less than: \$100,000 each person, personal injury, \$300,000 each occurrence, personal injury, \$ 25,000 each occurrence, property damage, \$300,000 combined single limit personal injury/property damage. Such insurance shall include the County as an additional insured and shall not be reduced or cancelled without 30 days written prior notice to the County. The Lessee shall provide a certificate of insurance, or, upon written request of the County, a duplicate of the policy as evidence of insurance protection provided during the term of this Agreement, and for the term of each renewal or extension thereof.

7. LIMITED USE:

Tenant shall use the Space Rented for no other business or purpose other than as written above without the prior written consent of King County.

8. SIGNS:

Tenant shall not erect any signs or advertising without prior written approval of King County.

9. IMPROVEMENTS.

The Tenant shall not improve or alter the premises in any manner without the prior written consent of King County. Before making any improvements or alterations, the tenant shall submit plans and designs to King County for approval.

Unless otherwise stipulated, all improvements or alterations erected or made on the premises shall, upon expiration or sooner termination of this Agreement belong to King County without compensation to the Tenant; provided, however, that King County shall have the option, to be exercised on expiration or sooner termination of this Agreement, to require the Tenant to remove any or all such improvements or alterations. If the Tenant undertakes any improvements pursuant to this provisions and the Tenant substantially fails to make the improvements or alterations required of him, this agreement shall be terminated and all rentals paid shall be forfeited to King County.

10. ACCEPTANCE:

Tenant has examined the leased premises and accepts them in their present condition.

11. LIENS:

Tenant will keep the premises free from any liens arising out of obligations incurred by the Tenant. Upon written request from King County, Tenant will furnish written proof of payment of any charge which, if not paid, could provide the basis for a lien on the premises.

12. WAIVER OF CLAIMS:

King County shall not be liable to the Tenant for claims or damages arising from any defect in the construction of or the present condition of the premises, whether known or unknown, or for damage by storm, rain or leakage.

13. ANTI-DISCRIMINATION:

In all hiring or employment made possible or resulting from this agreement, there shall be no discrimination against any employee or applicant for employment because of sex, age, race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification, and this requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

No person shall be denied, or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this agreement on the ground of sex, race, color, creed, national origin, age except minimum age and retirement provisions, marital status, or the presence of any sensory, mental or physical.

Any violation of this provisions shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part, of the agreement by the County and may result in ineligibility for further County agreements.

14. UTILITIES:

The Tenant shall bear the expense and shall furnish all utility services including but not limited to water, sewer, gas, electricity, phone, oil and garbage removal. Tenant will also be responsible for underground electrical and phone service.

15. DEFAULT:

The acceptance of rent by King County for any period or periods after a default by the Tenant will not be considered a waiver of the default unless King County gives Tenant written notice that the acceptance is a waiver. No waiver by King County of any default by Tenant will be construed to be or act as waiver of any subsequent default by the Tenant.

16. MUTUAL AGREEMENT:

The foregoing conditions are mutually agreed to by the Tenant and King County.

17. AMENDMENTS:

Prior to signing this lease the parties modified printed paragraph(s) \_\_\_\_\_, deleted printed paragraphs(s) \_\_\_\_\_, added typewritten paragraphs(s) \_\_\_\_\_ set forth on the attached addendum to this lease which is incorporated herein and made a part hereof by this reference, and added attached exhibits as referenced on page 1 of lease.

18. ENTIRE AGREEMENT:

This printed lease together with any attached addendum and any and all exhibits expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, obligations, covenants, or conditions other than those contained herein. No modification or amendment of this agreement shall be valid or effective unless evidenced by an agreement in writing by both parties.

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TENANT: Manson Construction and Engineering Company

LANDLORD: King County

BY [Signature]  
TITLE COMPTROLLER

BY [Signature]  
TITLE Deputy, County Executive

DATE January 13, 1987

BY [Signature]  
TITLE PRESIDENT  
DATE 12/29/86

APPROVED AS TO FORM:

BY \_\_\_\_\_  
TITLE Deputy Prosecuting Attorney  
DATE \_\_\_\_\_

STATE OF WASHINGTON )  
COUNTY OF KING ) ss

On this day personally appeared before me Harry Huggins to me known to be the Deputy County Executive of King County, Washington, the person who signed the above and foregoing instrument for King County for the uses and purposes therein stated and acknowledged to me that he signed the same as the free and voluntary act and deed of King County and that he was authorized to so sign.

GIVEN under my hand and official seal this 13th day of January, 19 87.

[Signature]  
NOTARY PUBLIC in and for the State of  
Washington, residing at Duvall

STATE OF WASHINGTON )  
COUNTY OF KING ) ss

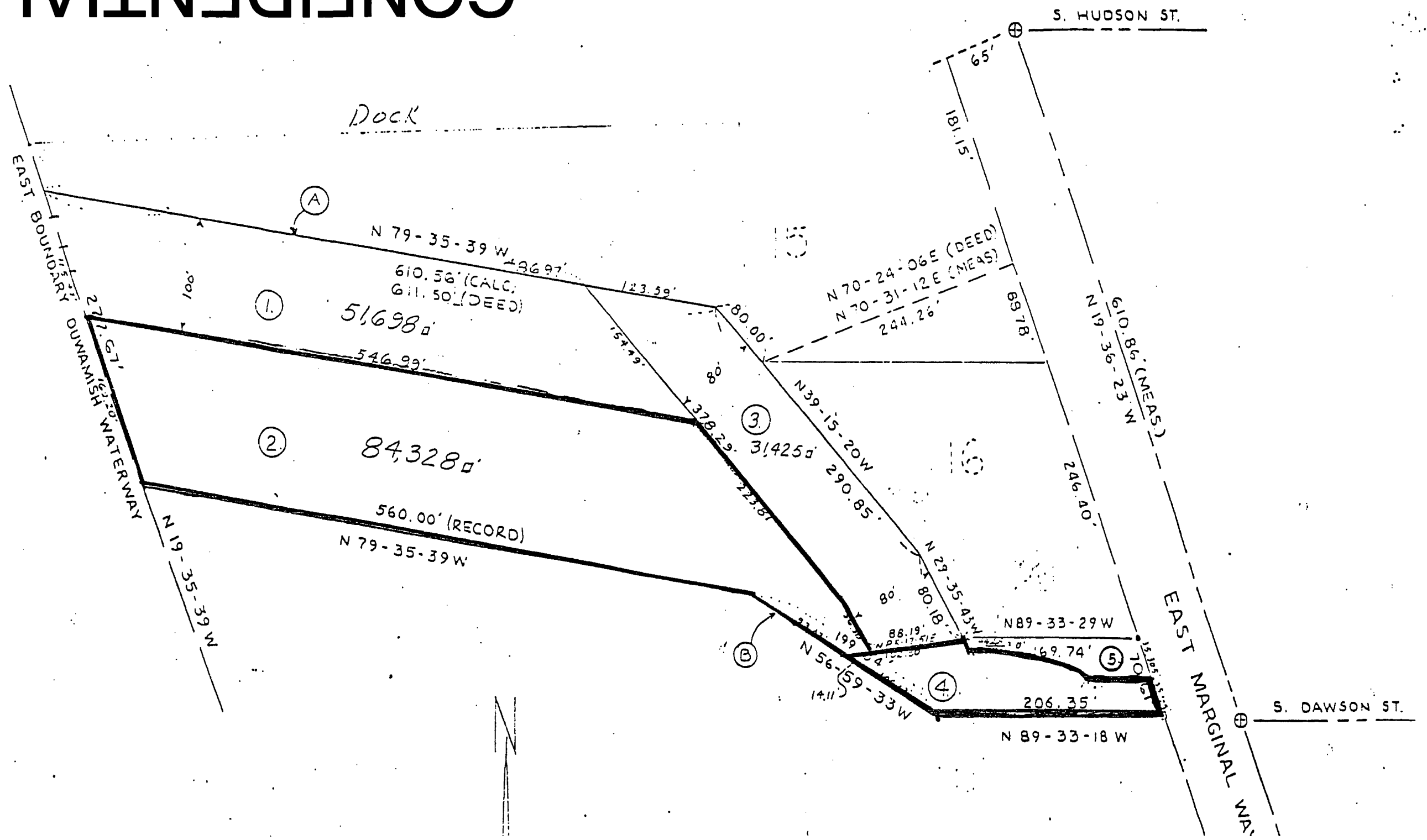
On this day personally appeared before me Daniel Dolan and Glean A. Edwards to me known to be the Co. Treasurer and President, respectively, of Manson Construction and Engineering Company, the persons who signed the above and foregoing instrument for the uses and purposes therein stated and acknowledged to me that they signed the same as their free and voluntary act and deed of said corporation and that they were authorized to so sign.

GIVEN under my hand and official seal this 29 day of December, 19 86.

[Signature]  
NOTARY PUBLIC in and for the State of  
Washington, residing at Seattle

CONFIDENTIAL

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ADDENDUM

Tract "X":

That portion of the Northeast 1/4 of Section 19, Township 24 North, Range 4 East, W.M., King County, Washington, lying South of Line "A" hereinafter described; and lying North of Line "B" hereinafter described; and lying East of the Easterly margin of Commercial Water Way #1; EXCEPTING any portion thereof lying within Lots 15 and 16, Block 23, Industrial Addition Volume 22 of Plats, Page 82, records of King County;

Line A: BEGINNING at a point on the Northeasterly boundary line of Lot 15, Block 23, of said Industrial Addition, from which point the Southeasterly corner of said Lot 15 bears South 19°43'29" East a distance of 88.78 feet; running thence South 70°24'06" West 244.26 feet to the most Westerly corner of Lot 16, said Block 23; thence North 39°15'20" West, along the Westerly line of said 15, a distance of 80 feet; thence North 79°35'39" West, along the South line of the property conveyed to the United States of America by Deed from Ford Motor Company, recorded September 5, 1941, under Auditor's File No. 3188719, records of King County, 611.50 feet to the Easterly margin of Commercial Water Way #1, and the terminus of said line;

Line B: COMMENCING at the intersection of the East and West center line of said Section 19 and the West Margin of Ohio Avenue; thence Northeasterly, along said West Margin, 346.51 feet to the Westerly Margin of East Marginal Way; thence, along the Westerly margin of East Marginal Way, North 19°36'23" West 382.72 feet to the True Point of Beginning; thence North 89°33'18" West 206.35 feet; thence North 56°59'33" West 199.54 feet; thence North 79°35'39" West to the Easterly margin of Commercial Water Way #1, and the terminus of said line.

Area 2 (Southwesterly Area):

That portion of the above described Tract "X" described as follows:

Beginning at the Southwesterly corner of said Tract "X", on the Easterly margin of Commercial Waterway #1;  
thence North 19°35'39" West 162.20 feet;  
thence South 79°35'39" East 546.99 feet;  
thence South 39°15'20" East 223.81 feet;  
thence South 29°35'43" East 36.30 feet;  
thence South 85°17'51" West 14.11 feet;  
thence North 56°59'33" West 93.37 feet;  
thence North 79°35'35" West 560.00 feet to the point of beginning.

Contains an area of 84,328 square feet or 1.94 Acres +

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Tract "X"

That portion of the Northeast 1/4 of Section 19, Township 24 North, Range 4 East, W.M., King County, Washington, lying South of Line "A" hereinafter described; and lying North of Line "B" hereinafter described; and lying East of the Easterly margin of Commercial Water Way #1; EXCEPTING any portion thereof lying within Lots 15 and 16, Block 23, Industrial Addition Volume 22 of Plats, Page 82, records of King County;

Line A: BEGINNING at a point on the Northeasterly boundary line of Lot 15, Block 23, of said Industrial Addition, from which point the Southeasterly corner of said Lot 15 bears South 19°43'29" East a distance of 88.78 feet; running thence South 70°14'06" West 244.26 feet to the most Westerly corner of Lot 16, said Block 23; thence North 39°15'20" West, along the Westerly line of said 15, a distance of 80 feet; thence North 79°35'39" West, along the South line of the property conveyed to the United States of America by Deed from Ford Motor Company, recorded September 5, 1941, under Auditor's File No. 3188719, records of King County, 611.50 feet to the Easterly margin of Commercial Water Way #1, and the terminus of said line;

Line B: COMMENCING at the intersection of the East and West center line of said Section 19 and the West Margin of Ohio Avenue; thence Northeasterly, along said West Margin, 346.51 feet to the Westerly Margin of East Marginal Way; thence, along the Westerly margin of East Marginal Way, North 19°36'23" West 382.72 feet to the True Point of Beginning; thence North 89°33'18" West 206.35 feet; thence North 56°59'33" West 199.54 feet; thence North 79°35'39" West to the Easterly margin of Commercial Water Way #1, and the terminus of said line.

Area 4 (Southeasterly Area):

That portion of the above described Tract "X" described as follows:

Area "4-A":

Beginning at the intersection of said line "B" and the Westerly margin of East Marginal Way;

Thence North 89°33'18" West 206.35 feet;

Thence North 56°59'33" West 106.17 feet;

Thence North 85°17'51" East 102.30 feet;

Thence South 29°35'43" East 38.31 feet;

Thence South 89°33'23.5 East 162.67 feet;

Thence South 19°36'23" East 35.305 feet to the beginning;

TOGETHER with that portion of said Tract "X" lying Northerly and Easterly of said Area "4-A" and Southerly of a line 10 feet Northerly of and parallel with the centerline of the most Southerly existing railroad spur line crossing said Tract "X".

Contains an area of 11,366 Sq. Ft., or 0.261 Acres, M/L.

CONFIDENTIAL

## AGREEMENT AND AMENDMENT OF LEASE

This AGREEMENT AND AMENDMENT OF LEASE is made this first day of August 1996 between King County, a political subdivision of the State of Washington (Lessor) and Manson Construction & Engineering Company, a Washington Corporation (Lessee).

### RECITALS

1. King County, as Lessor and Manson Construction & Engineering Company, as Lessee, entered into a 35-year lease dated August 1, 1976 and ending without notice on July 31, 2011 for a tract of land consisting of approximately 320,947 square feet more or less of uplands, and 118,058 square feet more or less of submerged land. Said premises consisting of Parcels A, B and C are legally described on pages 1 and 2 of the original lease document ("Old Lease").
2. The parties also entered into a month to month rental agreement on real property contiguous to the Old Leasehold property, which month to month agreement is still in effect and formally called the King County Commercial Rental Agreement. The parties desire to merge the real property covered by the terms of the above mentioned King County Commercial Rental Agreement into this lease, have the terms and conditions of this lease apply to that property, and have the combined real property hereafter be referred to as the New Lease.
3. The parties engaged an appraiser to mediate the different viewpoints that each had regarding the impact from a Court ordered restriction on the use of the submerged property commonly known as Area 1 (affected submerged property totaling 51,698 square feet) and Area 3 (affected submerged property totaling 31,425 square feet). As a result of the review by the appraiser, the parties agreed to accept a reduction of the rate for the affected submerged property from 50 percent of the rate negotiated for the leasehold upland property to 30 percent of the rate negotiated for the leasehold upland property.
4. Item No. 3, paragraph No. 3 of the lease provides that the rent shall be readjusted every five year period from the beginning of the lease term. The parties hereto have agreed upon a rental for the five year period beginning August 1, 1996 and ending July 31, 2001. This readjustment is to be effective as of August 1, 1996.
5. The Lessee must make substantial improvements to the dock upon this property in order to meet the requirements of the Seattle Fire Department and to make more efficient their activities at the site. The improvements are expected to cost in excess of one million dollars.
6. In order to amortize the costs of the dock improvements over a commercially reasonable term, the Lessee desires an extension of the term of this lease, and the Lessor agrees to

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extend the lease for an additional twenty years bringing the lease term for the new leasehold to thirty five years.

NOW, THEREFORE, in accordance with the foregoing recitals, Lessor and Lessee agree as follows:

A. Attached as Exhibit "A" are two legal descriptions and Map. The legal description of Tract "X" identifies areas 1, 3, 4, & 5 on the Map. The legal description of Area 2 (Southwesterly Area) identifies area 2 on the Map. The following list identifies the approximate square footage and whether the property is upland or submerged:

Area 1	Submerged	51,698 square feet
Area 2	Submerged	84,328 square feet
Area 3	Submerged	31,325 square feet
Sub-Total	Submerged	167,451 square feet
Area 4	Upland	11,366 square feet
Area 5	Upland	4,428 square feet
Sub-Total	Upland	15,794 square feet

These properties so identified are hereby merged into this lease, and all of the rights, duties and obligations of Lessor and Lessee under this lease shall apply to these properties. Additionally, the combined legal description of the new property merged into this lease and the old property which was the focus of this lease shall hereafter be known as the New Lease.

B. Paragraph No. 1 of the lease is hereby modified adjusting the annual rent according the following schedule, payable monthly in advance:

*August 1, 1996 - July 31, 1998*

320, 947 sf uplands from the original lease	@ \$.8652/yr.	\$277,683
118,058 sf submerged from original lease	@ \$.4336/yr.	\$ 51,190
15,794 sf uplands from rental agreement	@ \$.8652/yr.	\$ 13,665
84,328 sf submerged from rental agreement	@ \$.4336/yr.	\$ 36,565
83,123 sq submerged from rental agreement (affective areas-1 and 3)	@ \$.2596/yr.	\$ 21,579
sub-total		\$400,682
12.84% Leasehold excise tax		\$ 51,448
Total		\$452,130

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*August 1, 1998 - July 31, 1999 (5% increase over the 1996-1998 period)*

320,947 sf uplands from original lease	@ \$.9085/yr.	\$291,580
118,058 sf submerged from original lease	@ \$.4543/yr.	\$ 53,564
15,794 sf uplands from rental agreement	@ \$.9085/yr	\$ 14,349
84,328 sf submerged from rental agreement	@ \$.4543/yr	\$ 38,310
83,123 sf submerged from rental agreement	@ \$.2726/yr.	\$ 22,659
(affected areas 1 and 3)		
sub-total		\$420,462
12.84% Leasehold excise tax		\$ 53,987
Total		\$474,449

*August 1, 1999 - July 31, 2001 (10% increase over the 1996-1998 period)*

320,947 sf uplands from original lease	@ \$.9516/yr.	\$305,413
118,058 sf submerged from original lease	@ \$.4759/yr.	\$ 56,183
15,794 sf uplands from rental agreement	@ \$.9516/yr	\$ 15,030
84,328 sf submerged from rental agreement	@ \$.4759/yr	\$ 40,131
83,123 sf submerged from rental agreement	@ \$.2855/yr	\$ 23,732
(affected areas 1 and 3)		
sub-total		\$440,489
12.84% Leasehold excise tax		\$ 56,559
Total		\$497,048

C. Lessee agrees to repair and make improvements upon the dock pursuant to the requirements of the Seattle Fire Department and their own business requirements. Lessee agrees to make these repairs and corrections to the Leasehold in a timely basis, but in no event later than September 1, 1998.

D. Lessee commits to pay at least \$1,000,000.00 for repairs and improvements to the dock on or before September 1, 1998, and in light of this commitment, the lease term shall be extended so that the lease expires on July 31, 2031.

E. If the Lessee assigns its rights under the Lease to an unaffiliated party or enters into one or more subleases with an unaffiliated entity or such unaffiliated entity's affiliates for more than eighty percent (80%) of the land portion of the leased premises for a term of more than ten years, the Lessor shall have the right to request an immediate rent reappraisal upon such transfer, and the parties shall have the right to have a rent reappraisal every three years thereafter. For the purpose of this paragraph, an unaffiliated party shall be defined as any third party which is not Lessee's parent, subsidiary, a company controlled by Lessee's parent or subsidiaries, or otherwise under common ownership or control with Lessee. This paragraph shall not apply to the existing sublease which Manson has with Cadman (previously known as Ocean Constructors), or any extension of the existing sublease between Manson and Cadman.

F. Except as herein provided, the terms and conditions of this lease shall be and remain in full force and effect.

CONFIDENTIAL

IN WITNESS WHEREOF, This Agreement and Amendment is executed on behalf of the Lessor by its Property Services Manager and behalf of the Lessee by its duly authorized officers.

LESSEE:

Manson Construction & Engineering  
Company

By: Everett R. Pang

Title: Chairman of Board

Date: 3-31-99

LESSOR:

King County, a Political Subdivision  
of the State of Washington

By: Dave Preugschat

Dave Preugschat  
Manager, Property Services Division

Date: 4/21/99

APPROVED AS TO FORM:

By: Dennis C. McMahon

Dennis C. McMahon  
Senior Deputy Prosecuting Attorney

CONFIDENTIAL

## AGREEMENT AND AMENDMENT OF LEASE (Lease #1027)

This Agreement and Amendment of Lease is dated this 9<sup>th</sup> day of November, 2005, between King County, a political subdivision of the State of Washington as Lessor, and Manson Construction Co, Lessee.

### RECITALS

1. King County, a political subdivision of the State of Washington, is the owner of real property located at 5209 East Marginal Way South, Seattle, Wa. 98134. Said property consists of (approximately) 285,519 square feet of submerged land, and (approximately) 336,741 square feet of uplands, for a total area of 622,250 square feet.
2. King County, as Lessor, entered into a lease of the above referenced property with Manson Construction Co. on August 1, 1976. The lease was last amended on April 21, 1999.
3. King County and Manson Construction Co. have agreed to the following rental adjustment schedule for the following five year term, retroactive to August 1, 2001, through July 31, 2006. This amount is based upon the arbitration letter dated September 9, 2004 from Bruce Allen and Associates, Inc. The rent will be \$448,500 per year, or \$37,375 per month. Leasehold Excise Tax of 12.84% (\$4798.95) will be added to the monthly amount. This rate will be in effect to July 31, 2006. Manson Construction Co. agrees to pay **\$34,714.16** in arrearage rent and **\$4457.30** in arrearage leasehold excise tax to King County. These amounts reflect the 52 month period from August 1, 2001 to November 30, 2005, inclusive.

NOW THEREFORE, KING COUNTY and MANSON CONSTRUCTION CO. agree to the following:

By this Amendment, said lease is amended to reflect the following increase in monthly rent: Retroactive to August 1, 2001, the annual rental rate will be \$448,500 per year, or \$37,375 per month, plus monthly leasehold excise tax of \$4798.95. These amounts will be in effect to July 31, 2006.

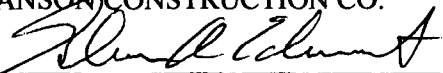
Manson Construction Co. agrees to pay **\$34,714.16** in arrearage rent and **\$4,457.30** in arrearage leasehold excise tax to King County. These amounts reflect the 52 month period from August 1, 2001 to November 30, 2005, inclusive.

Said lease agreement, in all other respects, shall remain in full force and effect.

IN WITNESS WHEREOF, this Agreement and Amendment of Lease is executed in triplicate, on behalf of King County and Manson Construction Co by their duly authorized officers.

MANSON CONSTRUCTION CO.

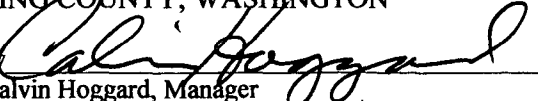
By

  
Glenn A. Edwards, Senior VP

Date 11/11/05


KING COUNTY, WASHINGTON

By

  
Calvin Hoggard, Manager  
Real Estate Services Section  
Date 11-30-05

APPROVED AS TO FORM:

By:

  
Don Woodworth, Senior Deputy Prosecuting Attorney  
Date 11/29/05

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Manson arrearage rent and leasehold excise tax  
August 1, 2001 to November 30, 2005

<u>Year</u>	<u>Amount/mo.</u>	<u># of months</u>	<u>Subtotal</u>
2001	\$667.58	4	\$2,670.32
2002	\$667.58	12	\$8,010.96
2003	\$667.58	12	\$8,010.96
2004	\$667.58	12	\$8,010.96
2005	\$667.58	12	\$8,010.96
Total arrearage rent due:		52	\$34,714.16
Leasehold Excise Tax (12.84%):			\$4,457.30
Total rent and tax due:			\$39,171.46

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AGREEMENT AND AMENDMENT OF LEASE

This agreement and amendment of lease is dated this 31st day of December, 2007, between King County, a political subdivision of the State of Washington as Lessor, and Manson Construction and Engineering, Lessee.

RECITALS

1. King County, a political subdivision of the State of Washington, is the owner of real property located at 5209 East Marginal Way South, Seattle, Wa. 98134. Said property consists of 255,509 square feet of submerged land, and 336,741 square feet of uplands, for a total area of 622,250 square feet.
2. King County, as Lessor, entered into a lease of the above referenced property with Manson Construction and Engineering on August 1, 1976. Under terms of the Lease, as amended, King County has the right to adjust rent on the property to fair market rates at five year intervals
3. The lease was last amended on November 9, 2005 to conclude arbitration and retroactively reach agreement regarding the rental adjustment rates for the August 1, 2001 to July 31, 2006 lease period. Lessor and Lessee have now agreed to adjust the rent again, for the August 1, 2006 to July 31, 2011 time period.
4. Based on a meeting between the appraiser for the County, and the appraiser for Mason (in lieu of arbitration), it has been determined that the lease rate will be adjusted. King County is now adjusting the rent on the property, retroactive to August 1, 2006 and ending July 31, 2011.

NOW THEREFORE, THE LEASE IS AMENDED AS FOLLOWS:

For the five year term of the Lease Agreement from August 1, 2006 through July 31, 2011, Manson Construction Company, Inc shall pay King County \$42,500.00 per month, plus State of Washington Leasehold Excise Tax of \$5457.00 for a total monthly payment of \$47,957.00.

Said lease agreement, in all other respects, shall remain in full force and effect.

IN WITNESS WHEREOF, this Agreement and Amendment of Lease is executed in triplicate, on behalf of King County and Manson Construction and Engineering Company by their duly authorized officers.

MANSON CONSTRUCTION  
AND ENGINEERING

By R. Z. Dolman, CFO

Date 12-31-07

KING COUNTY, WASHINGTON

By Wayne Richardson  
Wayne Richardson, Manager  
Real Estate Services Section  
Date 1/23/08

APPROVED AS TO FORM:

By: Tim Barnes  
Tim Barnes, Senior Deputy Prosecuting  
Attorney  
Date 1-8-08

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